

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01
LAB-04 SIL-01 OMB-01 AGRE-00 FEA-01 ERDA-05 OES-06
SAJ-01 NSC-05 SS-15 STR-04 CEA-01 ACDA-07 /100 W
-----041024Z 064708 /15

R 040830Z JAN 77
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 1767
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
AMEMBASSY MOSCOW
AMEMBASSY SOFIA
AMEMBASSY WARSAW
USMISSION NATO
USDOC WASHDC

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E.O. 11652: N/A
TAGS: CSCE, EGEN, EALR, CZ
SUBJECT: INTERVIEW WITH STATE PLANNING COMMISSION(SPC) OFFICIAL

REFS A. 76 PRAGUE A-57(NOTAL) B. 76 PRAGUE A-56(NOTAL),
C. 76 PRAGUE 2479

1. SUMMARY: EMBASSY INTERVIEW WITH SPC OFFICIAL HORAK,
REQUESTED MONTH EARLIER, YIELDS LITTLE INFORMATION. HORAK
EVASIVE BUT IDENTIFIES THREE BASIC ECONOMIC PROBLEMS:
ENERGY, FOREIGN TRADE AND INVESTMENT PLAN. SPC CANNOT ALWAYS
IMPOSE ITS DECISIONS ON MINISTRIES. "CORRECTIONS" TO FYP MADE FROM
TIME TO TIME DUE TO EXTERNAL AND INTERNAL DEVELOPMENTS. RELEVANT
MINISTERS CAN CHANGE TARGETS OF PRODUCTION UNITS BUT NOT OF SECTORS.
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HORAK DUCKS QUESTIONS ON STATISTICS AND WHOLESALE PRICE REFORM.
COMMENT: MEETING PROVIDED ONLY GLIMPSE OF SECRETIVE SPC. GOC
SENSITIVE TO EMBASSY COMPLAINTS ABOUT ACCESS TO ITS OFFICIALS BUT
EVIDENTLY STILL INTENDS TO ISOLATE US. EMBASSY WILL CONTINUE
TO PRESS FOR SIGNIFICANT ACCESS. END SUMMARY.

2. ON DECEMBER 22, E/C COUNSELOR WAS RECEIVED BY DR. MIROSLAV

HORAK, DIRECTOR OF EXTERNAL RELATIONS (APPROXIMATE TITLE SINCE HE PROVIDED NO CALLING CARD), STATE PLANNING COMMISSION (SPC). TWO OTHER SPC OFFICIALS AND EMBASSY INTERPRETER ALSO PRESENT. EMBASSY HAD REQUESTED THIS APPOINTMENT, ALONG WITH CALLS ON OTHER GOC OFFICES AND ENTERPRISES, IN LATE NOVEMBER LETTERS TO MFA'S DIPLOMATIC PROTOCOL OFFICE. MEETING WAS FIRST CONTACT EMBASSY HAS HAD WITH SPC IN RECENT YEARS, EXCEPT FOR JUNE 17 PRESENTATION BY SPC DEPUTY CHAIRMAN SEDIVY ON SIXTH FYP ATTENDED BY E/C COUNSELOR AND REPRESENTATIVES OF OTHER EMBASSIES (REFS A AND B).

3. ALTHOUGH SESSION LASTED NEARLY TWO HOURS, INFORMATION PROVIDED BY HORAK WAS SPARSE AND CAN BE SUMMED UP RATHER BRIEFLY:

(A) HORAK WAS ASKED TO EXPLAIN THE PROCESS OF FORMULATING THE FIVE-YEAR PLAN, THE ANNUAL PLAN AND THE STATE BUDGET AND TO CLARIFY THEIR INTERRELATIONSHIPS. HE BELABORED THE OBVIOUS AND LARGELY SOUGHT TO EVADE ANYTHING SENSITIVE (OR INTERESTING) BUT DID STRESS THAT THE SPC IS PRINCIPALLY CONCERNED WITH THREE BASIC ECONOMIC PROBLEMS: THE FUELS AND ENERGY IMBALANCE; FOREIGN TRADE AND THE INVESTMENT PLAN. AGRICULTURE IS ANOTHER MAJOR PREOCCUPATION, AS IS THE CHEMICAL INDUSTRY, WHICH "ISN'T AS FULLY DEVELOPED AS IT SHOULD BE". HE SAID PLANNING IS A CONTINUOUS PROCESS AND DENIED THAT THE SPC HAS THE BUREAUCRATIC POWER TO IMPOSE IN ALL CASES ITS DECISIONS ON OTHER MINISTRIES. HE SAID SOMETIMES THE "GOVERNMENT" OR THE CENTRAL COMMITTEE MUST RESOLVE DISPUTES BETWEEN THE SPC AND THE FINANCE, TRADE, OR INDUSTRIAL MINISTRIES.

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(B) HORAK SAID THAT "CORRECTIONS" TO THE PLAN MUST BE MADE FROM TIME TO TIME, ALTHOUGH THE PLAN'S OVERALL FRAMEWORK IS ALWAYS RETAINED. EXTERNAL EVENTS SUCH AS HIGHER PRICES FOR IMPORTED OIL (HE FRANKLY CONCEDED THAT THIS PROBLEM WILL GET MUCH WORSE FOR CZECHOSLOVAKIA) AND DEPRESSED WESTERN EXPORT MARKETS (BLAMED ON THE CRISIS OF CAPITALISM") AS WELL AS INTERNAL DEVELOPMENTS, SUCH AS FAILURE TO COMPLETE A PLANNED MAJOR PRODUCTION FACILITY ON TIME OR A POOR HARVEST, HAVE BEEN CAUSES OF SUCH "CORRECTIONS".

(C) HORAK WAS RETICENT ABOUT CHANGES IN PRODUCTION TARGETS FOR INDIVIDUAL ENTERPRISES. HE SAID THAT THE MINISTER IN CHARGE OF A SPECIFIC SECTOR CAN ALTER TARGETS FOR MICRO-ECONOMIC UNITS SO LONG AS THE PLAN'S OVERALL TARGET FOR THE SECTOR AS A WHOLE IS MET

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NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01
LAB-04 SIL-01 OMB-01 AGRE-00 FEA-01 ERDA-05 OES-06
SAJ-01 NSC-05 SS-15 STR-04 CEA-01 ACDA-07 /100 W
-----041026Z 065017 /15

R 040830Z JAN 77
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INFO AMEMBASSY BELGRADE
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(D) IN ANSWER TO SPECIFIC QUESTIONS ABOUT STATISTICAL
PROCEDURES USED IN DEVELOPING AND MONITORING THE FYP, HORAK WAS
VAGUE AND EVIDENTLY UNINFORMED. WHEN PRESSED, HE INDICATED SPC IS
"WORKING ON" INPUT-OUTPUT MODEL OF THE CZECHOSLOVAK ECONOMY.
HE ADAMANTLY REFUSED TO DISCUSS FIGURES OR METHODOLOGY REGARDING
PRODUCTIVITY STATISTICS, REFERRING HIS INQUISITOR TO THE FEDERAL
STATISTICAL OFFICE.

(E) DESPITE MANY QUESTIONS, HORAK REFUSED TO DISCUSS THE
WHOLESALE PRICE REFORM SCHEDULED TO BEGIN JANUARY 1, 1977.
HE CLAIMED TO UNDERSTAND IT WELL BUT CITED MANY LAME REASONS WHICH
SUCH
QUESTIONS SHOULD BE AIMED AT THE FEDERAL PRICE OFFICE, WHICH
EMBASSY HAS ALSO ASKED TO INTERVIEW.
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4. COMMENT: THE MEETING WITH HORAK PROVED TO BE, NOT SURPRISINGLY,
LARGELY A FUTILE EXERCISE IF MEASURED SOLELY BY FRESH INFORMATION
OBTAINED. HOWEVER, IT DID PROVIDE A SMALL GLIMPSE BENEATH THE VEIL

DRAWN OVER ONE OF GOC'S MOST SECRETIVE BUT INFLUENTIAL ENTITIES. IT IS QUITE LIKELY THAT HORAK, A SEEMINGLY GENIAL MAN, HAD INSTRUCTIONS TO PROVIDE AS LITTLE INFORMATION TO THE EMBASSY AS POSSIBLE. THE GOC (AND HORAK HIMSELF) IS AWARE OF AND SENSITIVE TO EMBASSY COMPLAINTS ABOUT LACK OF ACCESS TO KEY GOVERNMENT AND PARTY OFFICIALS, BUT IT IS EVIDENTLY STILL DETERMINED TO ISOLATE US AS MUCH

AS POSSIBLE. THE INTERVIEW WAS NO DOUBT INTENDED TO COMPLY WITH THE LETTER OF THE EMBASSY'S REQUEST WITHOUT PROVIDING ANY SIGNIFICANT INFORMATION. IT TOOK MFA FIVE MONTHS TO ARRANGE A LARGELY UNINFORMATIVE DISCUSSION OF CEMA MATTERS FOR E/C COUNSELOR (REF C) LAST AUGUST. WE WILL BE WATCHING TO SEE HOW LONG GOC WAITS TO SCHEDULE OTHER REQUESTED INTERVIEWS AND HOW MUCH USEFUL INFORMATION THESE SESSIONS ACTUALLY PRODUCE. MEANWHILE, WE WILL CONTINUE TO PRESS FOR SIGNIFICANT NOT MERELY PRO FORMA ACCESS TO CZECHOSLOVAK OFFICIALS.
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